

Message Text

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TAGS: EAIR, GW, BE, UK, FR, IT, NL

SUBJECT: COAST GUARD AIRCRAFT PROCUREMENT

1. FOLLOWING ARE EXCERPTS FROM DOT PRESS RELEASE OF
JANUARY 5:

QUOTE:

SECRETARY OF TRANSPORTATION WILLIAM T. COLEMAN, JR.,
TODAY AUTHORIZED THE UNITED STATES COAST GUARD TO AWARD
A CONTRACT FOR 41 MEDIUM RANGE SURVEILLANCE (MRS)
AIRCRAFT TO THE FALCON JET CORPORATION OF TETERBORO,
NEW JERSEY, A JOINT U.S.-FRENCH ENTERPRISE. THE
APPROVAL PERMITS THE COMMANDANT OF THE COAST GUARD TO
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AWARD THE CONTRACT AT ANY TIME AFTER JANUARY 6 IF, AT
THE TIME OF THE AWARD HE IS SATISFIED THAT FALCON JET
IS A RESPONSIBLE PROSPECTIVE CONTRACTOR, THAT IT HAS
MADE AN OFFER RESPONSIVE TO THE INVITATION FOR BIDS AND
THAT IT HAS MADE A FIRM OFFER TO DELIVER DOMESTIC
SOURCE END PRODUCTS (I.E., AIRCRAFT MANUFACTURED IN THE
UNITED STATES CONTAINING MORE COMPONENTS MINED, PRODUCED

OR MANUFACTURED IN THE U.S. THAN ELSEWHERE).

FALCON JET WAS THE LOW BIDDER, AT 4,996,251 DOLLARS PER AIRCRAFT, BY A WIDE MARGIN: THE NEXT LOWEST OFFER IN APPARENT COMPLIANCE WITH THE INVITATION FOR BIDS (FOKKER) IS FOR FOREIGN END PRODUCTS AND IS 19 PERCENT HIGHER PER AIRCRAFT THAN FALCON JET'S, AND THE ONLY OTHER OFFER OF DOMESTIC SOURCE END PRODUCTS (LOCKHEED) EXCEEDS FALCON JET BY 26 PERCENT.

WHEN RELEASING HIS FORMAL WRITTEN DECISION ON THE MRS PROCUREMENT, SECRETARY COLEMAN NOTED THAT UNDER NORMAL CIRCUMSTANCES HE WOULD NOT PARTICIPATE PERSONALLY IN A DETAILED REVIEW OF A PROPOSED CONTRACT AWARD.

"HOWEVER," THE SECRETARY SAID, "BECAUSE OF THE PROTRACTED PERIOD OF TIME OVER WHICH THIS PARTICULAR PROCUREMENT HAS BEEN UNDER CONSIDERATION AND BECAUSE OF THE CONTROVERSY THAT HAS AT VARIOUS TIMES ATTENDED IT, I HAVE EXERCISED MY AUTHORITY TO REVIEW IT IN DETAIL AND HAVE DECIDED THAT IT SHOULD BE APPROVED."

THE SECRETARY SAID THAT, WITH RESPECT TO THIS PROCUREMENT, HIS ROLE AS A POLITICAL PUBLIC SERVANT WITH JURISDICTION OVER THE COAST GUARD "HAS BEEN TO ASSURE THAT IT WAS CONDUCTED NOT ONLY WITHIN THE LAW BUT ALSO IN A COMPLETELY FAIR AND EQUITABLE FASHION SUCH THAT RESPONSIBLE INTERESTED PARTIES HAVE BEEN PERMITTED AN OPPORTUNITY TO HAVE THEIR VIEWS PROPERLY CONSIDERED. ULTIMATELY, UNCLASSIFIED

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OF COURSE, MY RESPONSIBILITY IS TO APPROVE A CONTRACT AWARD CONSISTENT WITH FEDERAL LAW THAT BEST SERVES THE PUBLIC INTEREST."

IN REACHING HIS DECISION, SECRETARY COLEMAN SAID HE HAD DEFERRED TO THE COAST GUARD'S EXPERTISE AND JUDGMENT ON PURELY TECHNICAL MATTERS.

BUY AMERICAN ACT

FALCON JET HAS CERTIFIED IN ITS BID THAT EACH AIRCRAFT IS TO BE A DOMESTIC SOURCE END PRODUCT. EVEN IF THE BID HAD BEEN FOR FOREIGN END PRODUCTS IT WOULD HAVE STILL QUALIFIED AS THE LOWEST BID AFTER APPLYING THE USUAL 12 PERCENT PRICE DIFFERENTIAL CONTAINED IN THE BUY AMERICAN ACT FOR PURPOSES OF FAVORING DOMESTIC SOURCE END PRODUCTS. RECOGNIZING, HOWEVER, THAT THE ACT GIVES HIM DISCRETION TO INCREASE THE PRICE DIFFERENTIAL WHERE THE PUBLIC INTEREST COMPELS HIM TO DO SO,

THE SECRETARY FOUND AS FOLLOWS: "BECAUSE FALCON JET HAS OFFERED A DOMESTIC SOURCE END PRODUCT, THERE IS NO NECESSITY FOR ME TO ADDRESS THE ISSUE OF WHETHER, WITH RESPECT TO THIS PROCUREMENT, I SHOULD EXERCISE MY DISCRETION TO APPLY GREATER PRICE DIFFERENTIALS THAN

THOSE ESTABLISHED IN THE ACT FOR PURPOSES OF EVALUATING A FOREIGN AS COMPARED WITH A DOMESTIC BID. HOWEVER, I FIRMLY BELIEVE THAT SUCH DISCRETION SHOULD BE EXERCISED ONLY WITH EXTREME CAUTION. WE LIVE IN AN INCREASINGLY INTERDEPENDENT WORLD IN WHICH ARBITRARY AND UNREASONABLE ECONOMIC DISCRIMINATION AGAINST OTHER NATIONS IS A MISTAKE. THIS IS PARTICULARLY TRUE WITH RESPECT TO AEROSPACE PRODUCTS IN VIEW OF THE FACT THAT ALMOST 95 PERCENT OF THE COMMERCIAL AND GENERAL AVIATION JET AIRCRAFT THAT HAVE BEEN SOLD IN THE FREE WORLD IN THE LAST FIVE OR SIX YEARS HAVE BEEN MANUFACTURED IN THIS UNCLASSIFIED

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COUNTRY. IN 1975 ALONE, WE EXPORTED 2.7 BILLION DOLLARS IN AIRCRAFT AND AERONAUTICAL COMPONENTS--SECOND ONLY TO AGRICULTURAL PRODUCTS IN HELPING TO MAINTAIN A FAVORABLE BALANCE OF TRADE. THUS, ESTABLISHING UNREASONABLY HIGH BARRIERS TO FOREIGN COMPETITION IN THIS PROCUREMENT WOULD NOT ONLY BE UNFAIR, BUT IT WOULD ALSO INVITE RETALIATION WHICH IN TURN COULD LEAD TO DEVASTATING CONSEQUENCES FOR OUR DOMESTIC ECONOMY.

UNQUOTE

2. COPIES OF COLEMAN'S DECISION BEING POUCED PARIS,
THE HAGUE AND BONN.
KISSINGER

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